



**DEPARTMENT OF
FINANCE**
OFFICE OF THE DIRECTOR

EDMUND G. BROWN JR. • GOVERNOR

STATE CAPITOL ■ ROOM 1145 ■ SACRAMENTO CA ■ 95814-4998 ■ WWW.DOF.CA.GOV

APR 01 2011

Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

Attention: Ms. Keely Bosler, Staff Director (2)

Honorable Bob Blumenfield, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

**Amendment to and Addition of Various Budget Bill Items, Support,
State Water Resources Control Board**

It is requested that Item 3940-001-0001 be increased \$1,041,000, Item 3940-001-0193 be increased by \$2.4 million, and Item 3940-001-0439 be amended to reflect these changes to provide additional funding to defend the State of California from a lawsuit filed by the Pacific Lumber Company. The defense costs for this ongoing litigation are increasing as the original budget assumptions have changed. A judicial decision on January 3, 2011 to litigate all issues in this matter at one time, rather than phasing the issues, and setting the trial date for January 2012, expanded and accelerated the workload to be completed related to discovery and trial preparation.

Additionally, it is requested that Item 3940-001-0193 be amended to add Budget Bill Language authorizing the use of penalty revenues from the Waste Discharge Permit Fund for the state's defense in litigation regarding the Headwaters Agreement.
(See Attachment I.)

Reappropriation—Proposition 84 Bond Funds—Issue 490

It is requested that Item 3940-490 be added to reappropriate the unencumbered local assistance balance of Proposition 84 bond funds for the Agricultural Water Quality Grant Program and Clean Beaches Grant Program. (See Attachment II.) Due to the bond freeze and late budget enactment, many grantees have not been able to complete projects or have revised work allowing projects to come under budget. The appropriation was included in the 2008 Budget Act.

Reversion—Various Bond Funds—Issue 496

It is requested that Item 3940-496 be added to revert the unencumbered state operations and local assistance balances of Propositions 13, 40, and 50 bond funds for water quality projects to ensure that the funds are available for future use. (See Attachment III.) A number of water quality projects have been delayed for various reasons such as the bond freeze and delays in enacting a state budget. The reversions would allow the State Water Board to request an appropriation of funds with adequate time to encumber and liquidate. The appropriations were included in various Budget Acts over the last several years.

APR 01 2011

-2-

Budget Trailer Bill Language—Wastewater Operator Certification Fund

It is requested that the attached budget trailer bill language be adopted to amend section 13628.5 of the Water Code to authorize the deposit of all monies collected by the Wastewater Operator Certification Program into the Wastewater Operator Certification Fund and to ensure the funds are utilized in accordance with an appropriation. (See Attachment IV.)

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Jesse McGuinn, Principal Program Budget Analyst, at (916) 324-0043.

ANA J. MATOSANTOS

Director

By:

/s/ Michael Cohen

MICHAEL COHEN

Chief Deputy Director

Attachment

cc: Honorable Christine Kehoe, Chair, Senate Appropriations Committee
Attention: Mr. Bob Franzola, Staff Director
Honorable Bob Huff, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Mr. Seren Taylor, Staff Director
Honorable Felipe Fuentes, Chair, Assembly Appropriations Committee
Attention: Mr. Geoff Long, Chief Consultant
Honorable Jim Nielsen, Vice Chair, Assembly Budget Committee
Attention: Mr. Eric Swanson, Staff Director
Honorable Joe Simitian, Chair, Senate Budget and Fiscal Review Subcommittee No. 2
Honorable Richard Gordon, Chair, Assembly Budget Subcommittee No. 3
Mr. Mac Taylor, Legislative Analyst (4)
Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office
Ms. Marcy Brown, Manager, Department of Parks and Recreation

APR 01 2011

Attachment I

Item 3940-001-0193

Provisions:

1. Of the amount appropriated by this item, and notwithstanding subdivision (k) of section 13350 of the Water Code, \$2,400,000 shall be from the balance of penalty revenues generated by the imposition of liabilities pursuant to section 13350 of the Water Code. These specified funds are hereby appropriated to support the state's litigation expenses in Pacific Lumber Company v. the State of California.

Attachment II

New Item

3940-490—Reappropriation, State Water Resources Control Board. As of June 30, 2011, the balances of the appropriations provided for in the following citations except for the amount specified in Item 3940-495 for reversion are reappropriated for purposes provided for in those appropriations and shall be available for encumbrance or expenditure until June 30, 2014.

6051—Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006

(1) Item 3940-101-6051, Budget Act of 2008 (Chs. 268 and 269, Stats. of 2008).

Attachment III

New Item

3940-496—Reversion, State Water Resources Control Board. As of June 30, 2011, the balances specified below, of the appropriations provided in the following citations shall revert to the balance in the fund from which the appropriations were made:

6013—Watershed Protection Subaccount

- (1) Up to \$5,912,530 from Item 3940-101-6013, Budget Act of 2001 (Ch. 106, Stats. 2001) as reappropriated by Item 3940-490, Budget Act of 2010 (Ch. 712, Stats. 2010).
- (2) Up to \$2,783,065 from Item 3940-101-6013, Budget Act of 2002 (Ch. 379, Stats. 2002) as reverted by Item 3940-495, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006) and as reappropriated by Item 3940-490, Budget Act of 2010 (Ch. 712, Stats. 2010).
- (3) Up to \$2,037,556 from Item 3940-101-6013, Budget Act of 2003 (Ch. 157, Stats. 2003) as reappropriated by Item 3940-490, Budget Act of 2010 (Ch. 712, Stats. 2010).
- (4) Up to \$22,501 from Item 3940-101-6013, Budget Act of 2005 (Chs. 38 and 39, Stats. 2005) as reappropriated by Item 3940-490, Budget Act of 2010 (Ch. 712, Stats. 2010).
- (5) Up to \$1,518,951 from Item 3940-101-6013, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006) as reappropriated by Item 3940-490, Budget Act of 2010 (Ch. 712, Stats. 2010).
- (6) Up to \$340,352 from Item 3940-101-6013, Budget Act of 2007 (Chs. 171 and 172, Stats. 2007).
- (7) Up to \$230,000 from Item 3940-001-6013, Budget Act of 2009 (Ch. 1, 2009-10 3rd Ex. Sess., as revised by Ch. 1, 2009-10 4th Ex. Sess.).
- (8) Up to \$196,000 from Item 3940-001-6013, Budget Act of 2010 (Ch. 712, Stats. 2010).

6019—Nonpoint Source Pollution Control Subaccount

- (1) Up to \$11,427,665 from Item 3940-101-6019, Budget Act of 2001 (Ch. 106, Stats. 2001) as reappropriated by Items 3940-490, Budget Acts of 2005 (Chs. 38 and 39, Stats. 2005) and 2010 (Ch. 712, Stats. 2010).
- (2) Up to \$4,115,296 from Item 3940-101-6019, Budget Act of 2002 (Ch. 379, Stats. 2002) as reappropriated by Item 3940-490, Budget Act of 2010 (Ch. 712, Stats. 2010).
- (3) Up to \$4,947,163 from Item 3940-101-6019, Budget Act of 2003 (Ch. 157, Stats. 2003) as reappropriated by Item 3940-490, Budget Act of 2010 (Ch. 712, Stats. 2010).
- (4) Up to \$3,312 from Item 3940-101-6019, Budget Act of 2004 (Ch. 208, Stats. 2004) as reappropriated by Item 3940-490, Budget Act of 2010 (Ch. 712, Stats. 2010).

- (5) Up to \$1,563,644 from Item 3940-101-6019, Budget Act of 2005 (Chs. 38 and 39, Stats. 2005) as reappropriated by Item 3940-490, Budget Act of 2010 (Ch. 712, Stats. 2010).
- (6) Up to \$2,522,312 from Item 3940-101-6019, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006) as reappropriated by Item 3940-490, Budget Act of 2010 (Ch. 712, Stats. 2010).
- (7) Up to \$194,331 from Item 3940-101-6019, Budget Act of 2007 (Chs. 171 and 172, Stats. 2007).
- (8) Up to \$50,000 from Item 3940-001-6019, Budget Act of 2009 (Ch. 1, 2009-10 3rd Ex. Sess., as revised by Ch. 1, 2009-10 4th Ex. Sess.).
- (9) Up to \$200,000 from Item 3940-001-6019, Budget Act of 2010 (Ch. 712, Stats. 2010).

6021—Wastewater Construction Grant Subaccount

- (1) Up to \$157,000 from Item 3940-101-6021, Budget Act of 2007 (Chs. 171 and 172, Stats. 2007).
- (2) Up to \$3,000 from Item 3940-001-6021, Budget Act of 2009 (Ch. 1, 2009-10 3rd Ex. Sess., as revised by Ch. 1, 2009-10 4th Ex. Sess.).
- (3) Up to \$887,000 from Item 3940-001-6021, Budget Act of 2010 (Ch. 712, Stats. 2010).

6022—Coastal Nonpoint Source Control Subaccount

- (1) Up to \$1,356,634 from Item 3940-101-6022, Budget Act of 2000 (Ch. 52, Stats. 2000).
- (2) Up to \$10,859,704 from Item 3940-101-6022, Budget Act of 2001 (Ch. 106, Stats. 2001) as reappropriated by Item 3940-490, Budget Acts of 2005 (Chs. 38 and 39, Stats. 2005) and 2010 (Ch. 712, Stats. 2010).
- (3) Up to \$3,148,790 from Item 3940-101-6022, Budget Act of 2002 (Ch. 379, Stats. 2002) as reappropriated by Item 3940-490, Budget Act of 2010 (Ch. 712, Stats. 2010).
- (4) Up to \$2,059,729 from Item 3940-101-6022, Budget Act of 2004 (Ch. 208, Stats. 2004) as reappropriated by Item 3940-490, Budget Act of 2010 (Ch. 712, Stats. 2010).
- (5) Up to \$385,000 from Item 3940-101-6019, Budget Act of 2005 (Chs. 38 and 39, Stats. 2005) as reappropriated by Item 3940-490, Budget Act of 2010 (Ch. 712, Stats. 2010).
- (6) Up to \$50,000 from Item 3940-001-6019, Budget Act of 2009 (Ch. 1, 2009-10 3rd Ex. Sess., as revised by Ch. 1, 2009-10 4th Ex. Sess.).
- (7) Up to \$133,000 from Item 3940-001-6013, Budget Act of 2010 (Ch. 712, Stats. 2010).

6029—California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund

- (1) Up to \$1,918,000 from Item 3940-101-6029, Budget Act of 2008 (Chs. 268 and 269, Stats. 2008).

6031—Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002

- (1) Up to \$925,544 from Item 3940-101-6031, Budget Act of 2004 (Ch. 208, Stats. 2004).

APR 01 2011

- (2) Up to \$13,524,066 from Item 3940-101-6031, Budget Act of 2005 (Chs. 38 and 39, Stats. 2005).
- (3) Up to \$184,062 from Item 3940-101-6031, Budget Act of 2007 (Chs. 171 and 172, Stats. 2007).
- (4) Up to \$20,936 from Item 3940-101-6031, Budget Act of 2008 (Chs. 268 and 269, Stats. 2008).
- (5) Up to \$685,256 from Item 3940-001-6031, Budget Act of 2009 (Ch. 1, 2009-10 3rd Ex. Sess., as revised by Ch. 1, 2009-10 4th Ex. Sess.).
- (6) Up to \$200,517 from Item 3940-001-6031, Budget Act of 2010 (Ch. 712, Stats. 2010).

Attachment IV

Trailer Bill Language

13628.5. (a) The Wastewater Operator Certification Fund is hereby created in the State Treasury.

(b) ~~Beginning July 1, 2010, the fees collected pursuant to Section 13627.5 or 13628~~All of the following amounts shall be deposited in the Wastewater Operator Certification Fund.

(1) Money appropriated by the Legislature for deposit in the fund.

(2) The fees collected pursuant to this chapter.

(3) Interest earned on the moneys in the fund shall be deposited as revenue into the fund to support the Wastewater Operator Certification Program operation.

(c) The state board may expend the moneys in the Wastewater Operator Certification Fund, upon appropriation by the Legislature, for purposes of administering this chapter.